

8-22-03 The San Diego Union-Tribune **California Utilities Lose Bid to Control Funds** By Craig D. Rose The California Public Utilities Commission yesterday rejected a bid by San Diego Gas & Electric and other state utilities for complete control of hundreds of millions of dollars for energy efficiency and conservation programs.

In a 4-1 vote, the PUC opted to continue allocating about 20 percent of \$250 million annually collected for conservation programs in California to other entities, including the city of San Diego and the San Diego Regional Energy Office, an independent nonprofit corporation.

The balance of the money will go to SDG&E and other major utilities. While the commission yesterday voted to keep the current method in place for 2004 and 2005, it also voted to hold a proceeding later this year to determine the most efficient way of allocating the money. The proceeding would examine evidence of program effectiveness and include public hearings. Irene Stillings, executive director of the regional energy office, said she was confident the office would make a strong case for its administration of the programs during the upcoming proceeding.

"This is what we want," said Stillings, whose office oversees about \$6 million in annual funding from the state.

"The argument can be made effectively that the utilities should not have monopoly control over these dollars. There are some things the utility does well and some things we do better."

There is a contradiction in allowing utilities to administer programs designed to reduce demand for their product, she said.

The efficiency programs administered by the energy office include tree planting and the installation of energy efficient lighting, as well as education efforts.

The San Diego Regional Energy Office has worked closely with the Regional Energy Policy Advisory Council a group including business representatives, consumer advocates and elected officials to formulate a plan to meet the region's electricity needs in the coming decades.

That plan recommends far greater reliance on local and renewable energy sources than a plan put forward by SDG&E.

SDG&E said it was disappointed at the commission's failure to assign it control over local conservation money, which will amount to about \$75 million over the next two years.

"We are confident that we've made a strong case to restore administration of all these programs to SDG&E, and we will pursue that goal in the next phase of the PUC case," said Ed Van Herik, a spokesman for the utility.

Van Herik said the utility had administered efficiency programs that saved its customers \$200 million over the past decade.

Loretta Lynch, former president and current member of the PUC, cast the lone dissenting vote against the measure yesterday. Lynch, a supporter of funding efforts at the regional energy office and similar community-based programs, said she fears they will be at a disadvantage in making their case for continued funding because of the way the proceedings have been structured.

Until the mid-1990s, the utilities administered all funds for conservation and efficiency programs. But the Office of Ratepayer Advocates, which represents consumers' interests at the PUC, said the utilities proved to be apathetic administrators and failed to allocate all the money.

After the PUC allowed utilities to profit from the programs, however, the utilities spent more but took nearly 25 percent of the funding for profits, according to the ORA.

With the onset of deregulation, third parties were brought in to run the efficiency programs.